Addendum to 2002/03 Annual Report Financial Statements

KEEWATIN YATTHE REGIONAL HEALTH AUTHORITY

104-02399/

AUDITORS' REPORT

To: The Board of Directors of The Keewatin Yatthé Regional Health Authority

We have audited the statement of financial position of the Keewatin Yatthé Regional Health Authority as at March 31, 2003 and the statements of operations and changes in fund balances and cash flows, and supporting schedules, for the year then ended. These financial statements are the responsibility of the Keewatin Yatthé Regional Health Authority's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Keewatin Yatthé Regional Health Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at and for the year ended March 31, 2002 were audited by other auditors, who expressed an opinion without reservation on these statements in their report dated August 16, 2002.

La Ronge, Saskatchewan
August 6, 2003

Meyers Norris Penny LLP
Chartered Accountants

MNP

KEEWATIN YATTHÉ REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003

	Operating Fund	Capital Fund	Total 2003	Total 2002 (*restated*) (*note 13*)
Assets				
Current Assets:				
Cash and short term investments (*schedule 2*)	$ 1,274,574	$ 1,575,011	$ 2,849,585	$ 1,203,130
Due from capital fund	515,130	----	515,130	----
Due from operating fund	----	----	----	207,258
Accounts receivable				
Saskatchewan Health – General Revenue Fund	163,516	----	163,516	473,842
Other	349,641	954	350,595	796,558
Inventory	138,583	----	138,583	103,146
Prepaid expenses	12,115	----	12,115	12,899
	2,453,559	1,575,965	4,029,524	2,796,833
Capital assets (*note 3*)	----	10,544,901	10,544,901	10,800,483
Total Assets	$ 2,453,559	$ 12,120,866	$ 14,574,425	$ 13,597,316
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	$ 762,763	$ ----	$ 762,763	$ 663,949
Accrued salaries	111,493	----	111,493	348,487
Vacation payable	422,011	----	422,011	285,953
Due to capital fund	----	----	----	207,258
Due to operating fund	----	515,130	515,130	----
Current portion of capital lease payable	----	24,122	24,122	22,770
Deferred revenue (*note 5*)	408,834	----	408,834	274,145
Total Current Liabilities	1,705,101	539,252	2,244,353	1,802,562
Capital lease payable (*note 4*)	----	78,948	78,948	103,070
Total Liabilities	1,705,101	618,200	2,323,301	1,905,632
Fund Balances				
Invested in capital assets	----	10,441,831	10,441,831	10,674,643
Internally restricted (*schedule 3*)	----	1,060,835	1,060,835	746,105
Unrestricted	748,458	----	748,458	270,936
Fund balances (*statement 2*)	748,458	11,502,666	12,251,124	11,691,684
Total Liabilities and Fund Balances	$ 2,453,559	$ 12,120,866	$ 14,574,425	$ 13,597,316

The accompanying notes are an integral part of these financial statements.

KEEWATIN YATTHÉ REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2003

	Operating Fund			Capital Fund	
	Budget 2003 (*note 9*) (*unaudited*)	2003	2002 (*restated*) (*note 13*)	2003	2002 (*restated*) (*note 13*)
Revenues:					
Saskatchewan Health - General Revenue Fund	$ 13,638,659	$13,836,585	$12,523,474	$ 648,217	$ 600,409
Other provincial revenue	202,867	124,378	93,740	----	----
Long-term resident and respite fees	46,712	16,931	----	----	----
Home care client fees	10,500	18,361	7,413	----	----
Emergency response fees	375,172	471,410	379,671	----	----
Investment income	5,000	25,470	8,801	----	----
Out-of-province/third party payments	77,410	155,708	97,348	2,457	1,479
Federal funding	80,000	80,000	----	64,000	----
Donations	----	----	----	69,425	242,078
Other	251,010	200,742	199,078	----	----
	14,687,330	14,929,585	13,309,525	784,099	843,966
Expenses					
Acute/palliative services	4,344,380	4,441,761	4,386,366	267,516	532,978
Grant to affiliate (*note 11*) - Acute Care	2,518,765	2,563,795	2,779,005	----	----
Community care initiatives	163,696	317,210	727,544	14,268	12,658
Home based services	991,984	837,322	969,385	49,825	14,945
Health improvement initiatives	3,972,525	3,568,597	2,104,773	153,816	30,633
Emergency response services	929,411	1,066,613	875,476	63,278	63,816
Addiction services	1,002,199	1,027,465	867,900	60,008	193,230
Primary health services	----	90,000	----	59,625	----
Mental health services	608,257	400,790	----	25,336	----
Rehabilitation services	155,938	138,510	198,622	8,509	3,350
Total expenses (*schedule 1*)	14,687,155	14,452,063	12,909,071	702,181	851,610
Excess (deficiency) of revenues over expenses	$ 175	477,522	400,454	81,918	(7,644)
Fund balances, beginning of year		270,936	27,590	11,420,748	11,428,392
Prior period restatement		----	(157,108)	----	----
Funds beginning of year after prior period adjustment		270,936	(129,518)	11,420,748	11,428,392
Fund balances, end of year		$ 748,458	$ 270,936	$11,502,666	$11,420,748

The accompanying notes are an integral part of these financial statements.

KEEWATIN YATTHÉ REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003

	Operating Fund		Capital Fund	
	2003	2002 (*restated*) (*note 13*)	2003	2002 (*restated*) (*note 13*)
Cash provided by (used in)	*Operating Activities*		*Financial and Investing Activities*	
Excess (deficiency) of revenues over expenses	$ 477,522	$ 400,454	$ 81,918	$ (7,644)
Amortization	----	----	702,181	687,110
Loss on disposal of capital assets	----	----	----	163,928
Net changes in non-cash working capital (*note 6*)	37,769	26,796	816,434	2,135,742
	515,291	427,250	1,600,533	2,979,136
Purchase of capital assets	----	----	(446,599)	(3,817,510)
Proceeds from capital lease	----	----	----	125,840
Repayment of capital lease	----	----	(22,770)	----
	----	----	(22,770)	125,840
Net change in cash and short-term investments during the year	515,291	427,250	1,131,164	(712,534)
Cash and short-term investments, beginning of year	759,283	332,033	443,847	1,156,381
Cash and short-term investments, end of year (*schedule 2*)	$ 1,274,574	$ 759,283	$ 1,575,011	$ 443,847
Amounts included in cash balances:				
Cash	$ 1,074,574	$ 559,283	$ 500,011	$ 43,847
Short-term investments	200,000	200,000	1,075,000	400,000
	$ 1,274,574	$ 759,283	$ 1,575,011	$ 443,847

The accompanying notes are an integral part of these financial statements.

1. Legislative Authority

On August 1, 2002, the Legislative Assembly passed *The Regional Health Services Act* (the Act). This Act created the Keewatin Yatthé Regional Health Authority (RHA). The Authority is responsible for the planning, organization, delivery and evaluation of health services within the geographic area known as the Keewatin Yatthé Health Region.

On coming into force, the Act terminated the membership of the individual District Health Boards. All assets, liabilities, rights, and obligations of the District Health Boards continue as the assets, liabilities, rights, and obligations of the Regional Health Authority. All contracts with the District Health Boards remain in effect until repealed or replaced by the Regional Health Authorities.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Amalgamated former District Health Boards

The former District Health Board, Keewatin Yatthé District Health Board, has been amalgamated in these financial statements using the continuity-of-interests method. All assets, liabilities, revenues, and expenses have been combined in both the 2002 and 2003 fiscal years.

b) Fund Accounting

The accounts of the RHA are maintained in accordance with the restricted fund method of accounting for contributions. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i) Operating Fund

The operating fund reflects the primary operations of the RHA including revenues received for provision of health services from Saskatchewan Health - General Revenue Fund, and billings to patients, clients, the federal government and other agencies for patient and client services. Other revenue consists of donations, recoveries and ancillary revenue. Expenses are for the delivery of health services.

ii) Capital Fund

The capital fund is a restricted fund that reflects the equity of the RHA in capital assets. The capital fund includes revenues received from Saskatchewan Health - General Revenue Fund designated for construction of capital projects and/or the acquisition of capital assets. The capital fund also includes donations designated for capital purposes by the contributor. Expenses consist primarily of amortization of capital assets.

c) Revenue

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

d) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	5%
Land improvements	5%
Equipment	10% to 50%
Vehicles	20% to 75%

Vehicles are expected to have a residual value of 25% of the cost at the end of the five-year period.

Donated capital assets are recorded at their fair market value at the date of contribution (if fair value can be reasonably determined).

e) Inventory

Inventory consists of general stores, pharmacy, laboratory, linen and other. All inventories are valued at cost as determined on the first-in, first-out basis.

f) Investments

Investments are valued at the lower of cost or net realizable value.

g) Pension

Employees of the RHA participate in several multi-employer defined benefit pension plans or a defined contribution plan. The RHA follows defined contribution plan accounting for its participation in the plans. Accordingly the RHA expenses all contributions it is required to make in the year.

h) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. Capital Assets

	2003			2002 (*restated*) (*note 13*)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 19,670	$ ----	$ 19,670	$ 19,670
Land improvements	8,117	1,958	6,159	6,565
Buildings	9,816,625	973,544	8,843,081	9,086,206
Equipment	1,804,670	724,279	1,080,391	1,364,794
Vehicles	426,700	136,122	290,578	245,124
Construction in progress	305,022	----	305,022	78,124
	$ 12,380,804	$ 1,835,903	$ 10,544,901	$ 10,800,483

4. Capital lease payable

Title of Issue	Interest Rate	Annual Repayment Terms	2003	2002 (*restated*) (*note 13*)
Emergency response services Pacific & Western Trust Of Canada Inc.	5.835%	$29,575 Principal and interest	$ 103,070	$ 125,840
Less: current portion			24,122	22,770
			$ 78,948	$ 103,070

The RHA has pledged the related emergency response services vehicle as security for the above capital lease.

Principal repayments required in each of the next four years are estimated as follows:

2004	$ 24,122
2005	$ 25,581
2006	$ 27,114
2007	$ 26,253

5. Deferred Revenue

	Balance beginning of year	Less amount recognized from Health	Add amount received from Health	Less amount recognized from other sources	Add amount recognized from other sources	Balance end of year
Child/Youth Behavioral Worker	$ 59,385	$ 59,385	$ ----	$ ----	$ ----	$ ----
Primary Diabetes Prevention	60,510	60,510	----	----	----	----
Diabetes Educator Program	50,000	----	----	----	----	50,000
La Loche Diabetes Program	80,000	----	----	----	----	80,000
Implementation of provincial Diabetes Plan	24,250	4,483	----	----	----	19,767
Training Strategy	----	----	----	----	25,000	25,000
Diabetes Strategy	----	----	49,745	----	----	49,745
Paramedic Program	----	----	80,000	----	----	80,000
Primary Care	----	----	87,675	----	----	87,675
Professional Development	----	----	16,647	----	----	16,647
	$274,145	$ 124,378	$ 234,067	$ ----	$ 25,000	$ 408,834

Restricted funding related to general operations from Saskatchewan Health-General Revenue Fund and others is recorded as revenue as the related costs are incurred.

6. Net Change in Non-Cash Working Capital

	Operating Fund		Capital Fund	
	2003	2002 (*restated*) (*note 13*)	2003	2002 (*restated*) (*note 13*)
(Increase) decrease in accounts receivable	$ 662,243	$ (467,238)	$ 94,046	$ 2,343,000
(Increase) decrease in due from operating fund	----	----	207,258	(207,258)
(Increase) decrease in due from capital fund	(515,130)	----	----	----
(Increase) decrease in inventory	(35,437)	(11,057)	----	----
(Increase) decrease in prepaid expenses	784	16,977	----	----
Increase (decrease) in accounts payable	98,814	252,729	----	----
Increase (decrease) in accrued salaries payable	(236,994)	(99,863)	----	----
Increase (decrease) in vacation payable	136,058	129,717	----	----
Increase (decrease) in due to capital fund	(207,258)	207,258	----	----
Increase (decrease) in due to operating fund	----	----	515,130	----
Increase (decrease) in deferred revenue	134,689	(1,727)	----	----
	$ 37,769	$ 26,796	$ 816,434	$ 2,135,742

7. Related Party Transactions

These financial statements include transactions with related parties. The RHA is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. The RHA is also related to non-Crown enterprises that the Government jointly controls or significantly influences. In addition, the RHA is related to other non-Government organizations by virtue of its economic interest in these organizations.

Transactions with these related parties are in the normal course of operations. Amounts due to or from and the recorded amounts resulting from these transactions are included in the financial statements and the table below. They are recorded in the standard rates charged by those organizations and are settled on normal trade terms.

	2003	2002 (*restated*) (*note 13*)
Significant amounts with related parties for the period ending March 31:		
Public Employees Pension Plan (*benefits*)	$ 45,684	$ 30,441
Saskatchewan Power Corporation (*utilities*)	68,901	49,718
Saskatchewan Property Management Corporation (*other*)	625,497	540,098
Saskatchewan Telecommunications (*utilities*)	162,593	220,143
Saskatchewan Association of Health Organizations (*benefits and other*)	627,324	478,687
Saskatchewan Workers' Compensation Board (*benefits*)	159,055	86,033
Affiliates:		
St. Joseph's Hospital Corporation (*grants*)	2,563,795	2,779,005
St. Joseph's Hospital Corporation (*drugs and medical and surgical supplies*)	119,757	----
Significant amounts due to related parties as at March 31:		
Saskatchewan Association of Health Organizations	$ 43,476	$ 38,769
Saskatchewan Property Management Corporation	25,405	7,650
Saskatchewan Workers' Compensation Board	31,978	30,500
Affiliates:		
St. Joseph's Hospital Corporation	1,551	34,886

Other transactions with related parties are described separately in the financial statements.

In addition, the RHA pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

8. Pension Plan

Employees of the RHA participate in one of the following pension plans. Some employees participate in Saskatchewan Healthcare Employees' Pension Plan (SHEPP), which is jointly governed by the Saskatchewan Association of Health Organizations (a related party) and four of the trustees are appointed by Saskatchewan's health care unions (CUPE, SUN, SEIU, SGEU, RWDSU and HSAS). SHEPP is a multi-employer defined benefit plan which came into effect December 31, 2002. Prior to December 31, 2002 this plan was formerly the SAHO Retirement Plan and governed by the SAHO Board of Directors. Other employees participate in either the Public Service Superannuation Plan (a related party) which is also a defined benefit plan, or the Public Employees' Pension Plan (a related party) which is a defined contribution plan. Both of these plans are the responsibility of the Province of Saskatchewan. The RHA's financial obligation to the plans is limited to making required payments to match amounts contributed by employees for current services.

Pension expense for the year amounted to $235,275 (2002 - $138,585) and is included in benefits.

9. Budget

The operating budget, which is included in the RHA's Health Plan, was approved by the Board of Directors and the Minister of Health.

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

b) Credit risk

The RHA is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the RHA's receivables are from Saskatchewan Health - General Revenue Fund, therefore, the credit risk is minimal.

c) Fair value

The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:

Cash and short-term investments
Accounts receivable
Accounts payable
Accrued salaries
Vacation payable

11. Affiliates

The Authority has an affiliation agreement with a privately owned health corporation to provide services.

This corporation receives operating funding from the Authority on a monthly basis with budget amounts approved annually. During the year, the Authority provided funding in the amount of $2,563,795 (2002 - $2,779,005)

	2003	2002 *(restated) (note 13)*
St. Joseph's Hospital Corporation		
Statement of Financial Position		
Total assets	$ 917,372	$ 978,129
Total liabilities	$ 514,349	$ 635,243
Total net assets	403,023	342,886
Total liabilities and fund balances	$ 917,372	$ 978,129
Results of Operations		
Total revenues	$ 3,898,021	$ 4,133,271
Total expenses	3,837,884	3,945,827
Excess of revenue over expenses	$ 60,137	$ 187,444
Cash Flows		
Cash from operations	$ 60,137	$ 187,444
Add back non-cash charges	2,472	2,728
Net change in non-cash working capital	140,095	(233,760)
Financing and investing activities	---	(6,808)
Increase (decrease) in cash	$ 202,704	$ (50,396)

12. Commitments

a) Operating Leases

Minimum annual rentals under operating leases on property and equipment over the next two years are as follows:

2004	$ 153,053
2005	$ 112,071
2006	$ 90,000
2007	$ 90,000
2008	$ 90,000

13. Comparative information

Certain 2002 balances have been reclassified to conform with the current year's presentation.

During the year, the Organization determined that in the prior year, the invested in capital assets fund balance was overstated by the liabilities owing on the capital assets ($125,840) and the internally restricted fund balance was understated by the same amount. The comparative figures have been restated and the effect on net earnings was $NIL.

14. Volunteer Services

The operations of the RHA utilize services of many volunteers. Because of the difficulty in determining the fair market value of these donated services, the value of these donated services is not recognized in the financial statements.

KEEWATIN YATTHÉ REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002 (*restated*) (*note 13*)
Operating		
Benefits	$ 1,009,437	$ 657,655
Contract / professional fees	236,559	534,359
Diagnosis imaging supplies	6,000	8,968
Drugs	68,423	41,727
Food	113,609	78,627
Grants to affiliates	2,563,795	2,779,005
Grants to other	92,073	-
Housekeeping and laundry services	32,408	32,612
Insurance	77,679	49,687
Interest	6,745	-
Laboratory supplies	39,400	32,703
Medical and surgical supplies	166,149	168,274
Medical remuneration and benefits	1,096,197	235,174
Office supplies and other office costs	258,706	131,265
Other	262,599	1,008,197
Purchased service	46,236	-
Rent / lease	835,954	684,936
Repairs and maintenance	115,243	240,786
Salaries	6,778,462	5,738,841
Travel	241,514	171,155
Utilities	404,875	315,100
	$ 14,452,063	$ 12,909,071
Capital		
Amortization	$ 702,181	$ 687,110
Loss on disposal of capital assets	-	163,928
Other	-	572
	$ 702,181	$ 851,610

KEEWATIN YATTHÉ REGIONAL HEALTH AUTHORITY
SCHEDULE OF INVESTMENTS
FOR THE YEAR ENDED MARCH 31, 2003

	Amount	Maturity	Effective Rate
Restricted Investments:			
Cash			
Northwest Credit Union	$ 500,011		
Short-term investments			
Northwest Credit Union	675,000	April 14, 2004	1.75%
Northwest Credit Union	200,000	April 17, 2003	1.75%
Northwest Credit Union	200,000	April 11, 2003	1.75%
Restricted cash and short-term investments	1,575,011		
Unrestricted Investments:			
Cash			
Northwest Credit Union	1,074,574		
Short-term investments			
Northwest Credit Union	200,000	April 30, 2003	1.75%
Unrestricted cash and short-term investments	1,274,574		
Total cash and short-term investments	$ 2,849,585		

Restricted investments consist of capital funds

KEEWATIN YATTHÉ REGIONAL HEALTH AUTHORITY
SCHEDULE OF INTERNALLY RESTRICTED FUNDS
FOR THE YEAR ENDED MARCH 31, 2003

Capital Fund	Balance Beginning of Year *(restated) (note 13)*	Revenue	Investment Income Allocated	Transfer to Investment in Capital Asset Fund Balance	**Balance End of Year**
Keewatin Yatthé Regional Health Authority	$ 746,105	$ 648,217	$ 135,882	$ (469,369)	$1,060,835

Keewatin Yatthé Regional Health Authority
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